Foreign Agriculture

Marketing News

Feed Grains Officials Hold Workshop in Mideast

The **U.S. Feed Grains Council,** in cooperation with a major United Arab Emirates grain importer, recently held a three-day grain quality and handling workshop in Dubai. Representatives from 60 feed mills and the grain trade and livestock sectors of nine countries in the Middle East attended the workshop. They learned about U.S. grain grading, inspection, storage, transportation and methods for controlling pests, and visited modern grain handling and storage facilities. U.S. exports to all countries in the region during the 1986/87 marketing year totaled 4,488,000 metric tons with a value of $364 million.

U.S. Products Spotlighted For Japanese Buyers

Last summer, four regional state associations—the **Eastern U.S. Agricultural and Food Export Council, Mid-America International Agri-Trade Council, Southern United States Trade Association** and **Western U.S. Agricultural Trade Association**—hosted a food product presentation throughout the United States for the Nichiryu group of Japan. This group—consisting of 13 chain store companies and two cooperatives—agreed to purchase $20 million worth of U.S. food products for a fall promotion at over 1,000 stores throughout Japan. They were interested in a wide variety of products including seafood, processed meats, citrus fruits, tortilla chips and beer.

U.S. Team Encourages Iraq To Try U.S. White Wheat

During a visit by a five-member team from the **U.S. Wheat Associates,** the Iraqi state company for grain trading announced a first-time tender for 18,000 tons of U.S. soft white wheat for shipment this fall. The purpose of the U.S. Wheat Associates visit was to encourage Iraq to use U.S. white wheat in biscuits, cakes and pastries. Iraq currently imports high-quality bread-baking wheats from Australia, Canada and the United States. The Iraqis usually prefer Australian standard white wheat because its white bran is similar to that traditionally used in Iraqi bread making.

New Agricultural Trade Dictionary Available

The **Foreign Agricultural Service** recently published a handbook of international agricultural trade terms. The *Dictionary of International Agricultural Trade* includes terms covering a wide variety of subjects including domestic and international agricultural programs, finance, commodities, transportation and storage. Tables on U.S. commodity marketing years, units of measure and commodity conversion factors also are included. Single copies can be obtained for free from the Information Division, Foreign Agricultural Service, U.S. Department of Agriculture, Room 5922-South Building, Washington, D.C. 20250-1000, Tel. (202) 447-7937.

Wheat Associates Hosts Yemen Trade Team

U.S. Wheat Associates, in cooperation with the **Rice Council for Market Development** and the **U.S. Feed Grains Council,** hosted a Yemen Arab Republic trade team to Washington last summer. The team, consisting of officials from the Yemen government and private sector, attended sessions on export credit, crop quality, the agricultural supply and demand outlook and the Export Enhancement Program. Yemen is expected to be a 1-million-ton wheat market by 1990 due to growing demand and an ambitious flour mill expansion program.

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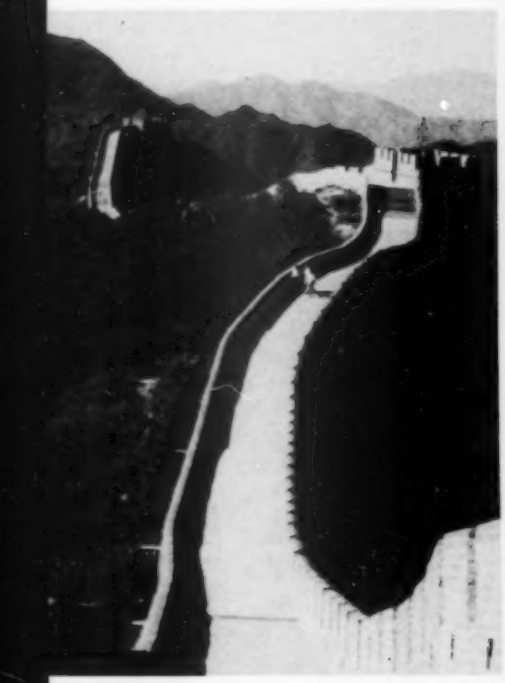
China's Goals for Meat Output Could Be Slowed by Feed Constraints



By Michael Humphrey, Bobby Richey and Mark Dries

In recent years, China has placed increased emphasis on improving the performance of its livestock and poultry sectors in order to provide more meat, eggs and milk for China's growing population. However, reaching the country's ambitious goals could be tempered by constraints on feed production and imports.

China's seventh five-year plan (1986-90) calls for increasing the production of meat to 22.75 million metric tons by 1990, up 18 percent from 19.3 million tons in 1985.

The Chinese are having some success in reaching that goal. Combined red meat production of 19.21 million tons in 1987 was up 9 percent from 1985. This was a significant gain given the fact that pork production in the first half of 1987 was unusually low because of high feed prices and low government procurement prices.

Emphasis on Pork Output Is High

Currently, however, the Chinese government has shifted its policy of keeping pork prices artificially low for consumers at the expense of production incentives.

The new policy encourages greater free market pricing of pork and higher state procurement prices. This will stimulate pork production (which accounts for 90 percent of Chinese red meat output) over the next few years and encourage the breeding stock improvements needed for lean pork production, which the market demands.

In 1987, the United States exported 918 live swine to China, down substantially from the 3,291 swine exported the previous year. There should be continued prospects for U.S. exports of breeding swine to China in 1988 and beyond, but most likely at reduced levels as the Chinese emphasize development of their own hog breeding stock.

Goals for Poultry and Dairy Sectors

Chinese government goals call for poultry meat production to increase nearly 24 percent to 2.6 million tons by 1992 from the 1987 level of 2.1 million tons. By the turn of the century, poultry meat production is targeted to rise by 186 percent to 6 million tons.

Many officials and private business representatives feel that the 1992 production target may be too conservative for several reasons.

One reason is the better feed-to-meat conversion ratio of poultry production versus beef or pork. With limited supplies of compound feed currently the greatest impediment to Chinese livestock production growth, feed-efficient broiler

production will continue to receive a great deal of attention.

In addition, the growth of Chinese poultry production is likely to be accelerated by the opportunity for newly expanded poultry export markets in the Far East and changing consumer tastes domestically towards broiler meat as supplies expand and prices fall relative to pork.

Chinese joint ventures with U.S., Thai and Malaysian companies involved in specialized broiler meat production should expand China's frozen broiler meat exports to the growth markets of the Far East, such as Hong Kong and Japan.

In 1987, China exported about 17,000 tons of frozen poultry meat (primarily chicken). That total could expand to 50,000 tons within the next few years. China is already a large exporter of live poultry, exporting roughly 41 million birds (primarily to Hong Kong) last year.

This growth in high-quality broiler production, along with an expanding domestic poultry market, will continue to provide good opportunities for U.S. exporters of chicken breeding stock. Last year, the United States exported 747,814 breeding chicks and 5,351 hatching eggs, valued at $2.8 million, to China.

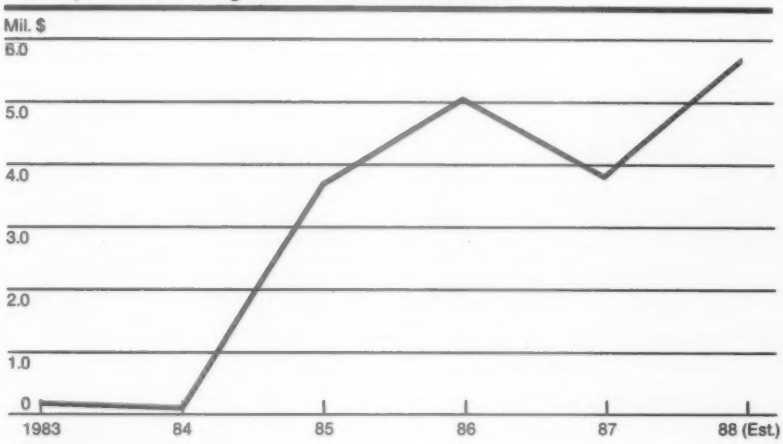
Chinese Target Dairy Output

Growth in dairy production is also high on China's list for emphasis. In 1987, China had 2.15 million dairy cows, which produced 3.2 million tons of milk.

Production centers around major cities such as Shanghai, Beijing and Tianjin will see increased milk production growth in the next few years. At the provincial level, emphasis is being placed on development of dual-purpose herds that can provide increased quantities of both milk and beef.

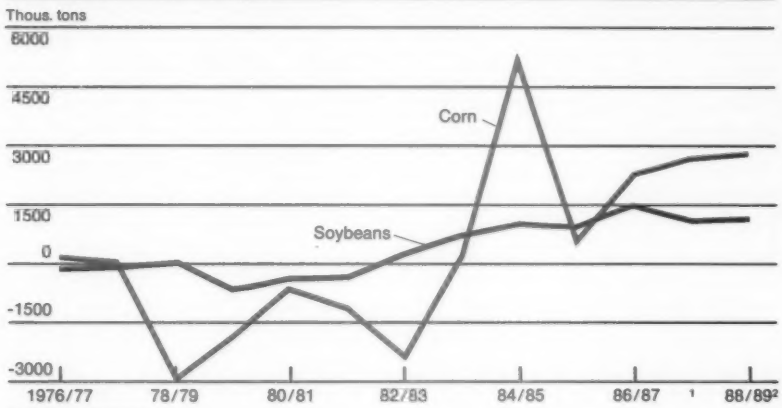
U.S. Holstein cattle have been priced out of the Chinese market, which is a price-conscious one. This is particularly true in light of the current U.S.-China veterinary agreement, which adds additional costs to Chinese imports of U.S. dairy cattle relative to purchases of dairy cattle from Canada. China may turn increasingly to Canada, Australia, New Zealand and the European Community for its dairy cattle breeding stock needs.

U.S. Exports of Breeding Stock[1] to China Have Grown



[1]Includes genetic material.

To Earn Badly Needed Foreign Exchange, China Continues To Export Corn and Soybeans



[1]Estimate. [2]Forecast.

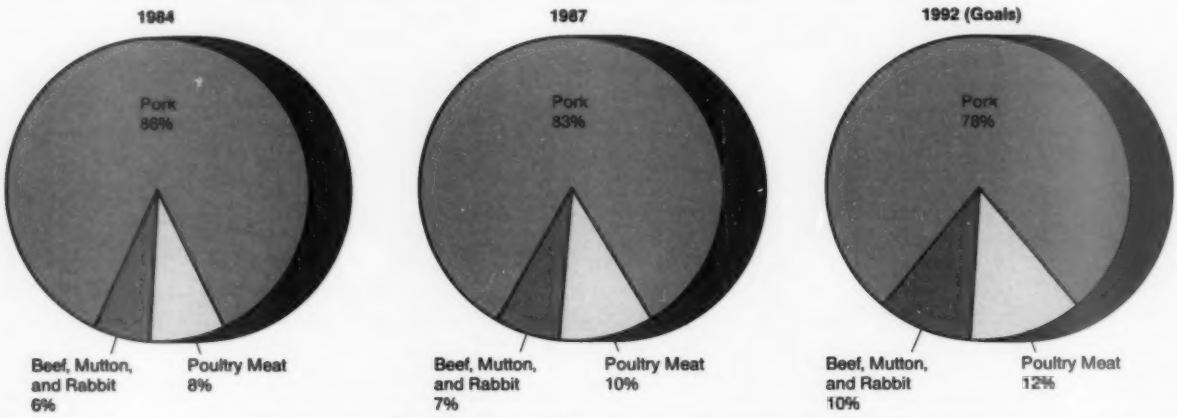
Feed Imports Limited by Hard Currency

The limiting factor in Chinese livestock and poultry production gains will be feed supplies. In turn, feed grain imports will be constrained in the next two to three years by China's ability to earn sufficient foreign exchange for these purchases.

While committed to improving its livestock, poultry and dairy sectors, and, consequently, meat, poultry and dairy product availability to Chinese consumers, the increase in animal feed needs will be met largely through better utilization of domestic feed grain supplies and the use of less-than-adequate feeding materials in rural pork producing areas.

Given these constraints, large increases in feed grain imports seem unlikely. In the

The Chinese Are Diversifying Meat Production



past, China's corn imports have been erratic, ranging from 100,000 tons in 1984/85 to 1.6 million tons in 1986/87. China has several suppliers for corn, particularly Thailand, Argentina and the United States.

Sizable corn imports in the near term by China into South China will depend on international prices, but prospects for continued steady growth look good. After obtaining an import license, some feed mills in the South, through provincial authorities, can ask Cereals (the Chinese state agency in charge of importing and exporting grains and edible oils) to import corn on their behalf—if the mills have the foreign exchange.

China's total oilseed production in 1987 reached 33.7 million tons (soybeans, 12.2 million tons; cottonseed, 7.2 million tons; and rapeseed, 6.7 million tons).

To earn needed foreign exchange, China is expected to export about 2 million tons of oilseeds in 1988/89, of which soybean exports will amount to 1.6 million tons, and meal exports are forecast to total 2.5 million tons.

China is expected to import 250,000-300,000 tons of soybeans for protein-deficit areas, mainly in South China.

Rural Farmers Will Feel Feed Pinch

Although China's grain and oilseed supply situation seems somewhat at odds with the goals of increasing meat, poultry and dairy production, large centralized state hog and poultry operations with adjoining feed mills will not have grain input problems.

Small mills that provide compound feed to individual farmers in rural areas will suffer. Many hog farmers in rural areas will feed table scraps, water plants and tubers to their animals, or combine them with whole corn.

In South China, feed millers are concerned about shortages of all inputs (corn, soybean meal and cake, and fishmeal), but generally seem satisfied with the current situation. Further north, fishmeal is the scarce commodity being sought by millers.

Most feed millers in China agree that the use of soybean meal and amino acids in compound feeds will produce a superior and less-expensive feed. But they also emphasize that if the users cannot smell the fishmeal in the feed, they feel they are getting a below-standard product.

Clearly there is a need for dissemination of information on the use of compound feeds produced with soybean meal. The American Soybean Association has a number of feeding trials underway throughout China.

Total compound feed production in China reached 24 million tons in 1987, of which 17 million tons were produced by Ministry of Commerce mills and the remainder by the Ministry of Agriculture.

Although the government's goal for compound feed production in 1990 is 50 million tons, many local experts feel that goal is too high. Given the current world situation and outlook for grain and soybean prices, a more realistic figure for compound feed production in 1990 might be in the range of 35-40 million tons.

Should world commodity prices remain high, the Chinese government is likely to "squeeze" exports of corn and soybeans out of the domestic market in order to earn badly needed foreign exchange. In 1985/86, China exported over 6 million tons of corn from northern provinces while importing 400,000 tons of corn into the South. As in the past, China will continue to export soybeans for foreign exchange and barter with Japan, the USSR and other Asian countries. ■

Humphrey is with the Oilseeds and Products Division, Richey is with the Grain and Feed Division and Dries is with the Dairy, Livestock and Poultry Division, FAS.

Horticultural Products Are a Natural For Targeted Export Promotions

By Suzanne M. Ginger

Before 1987, few Japanese thought about eating an avocado on traditional Eel Day. But 2,000 consumers did last year, much to the California Avocado Commission's delight.

Another 8,000 adventurous shoppers munched happily on *natto* (fermented soybeans) and avocados at Shinjuku, one of Tokyo's major retail districts.

The reason? Both promotions were part of an aggressive advertising campaign in Japan sponsored by the California Avocado Commission and funded by USDA's Targeted Export Assistance (TEA) program.

Under the program, USDA provides Commodity Credit Corporation commodity certificates to non-profit trade associations and industry representatives to reimburse the costs of activities to combat unfair foreign trade practices which have affected exports of U.S. agricultural products adversely.

The Avocado Commission and more than 65 other commodity associations have utilized $110 million in funding in 1986, 1987 and again in 1988. Nearly 60 percent of the money went to support horticultural programs—most of them in Japan. As required by the authorizing legislation, TEA program funding for fiscal year 1989 will total $325 million.

TEA Funds Make the Export Difference

Horticultural commodity groups are enthusiastic about the benefits of the TEA program on exports. "TEA funding has really made a difference by helping offset a variety of non-tariff trade barriers and restrictions overseas," according to

Sheila Phalon

Richard Peterson, marketing director of the California Prune Board. California produces 70 percent of the world's prunes and ships 35 percent of the state's crop overseas annually.

Scott Horsfall, director of foreign marketing for the California Table Grape Commission, likes the opportunities the TEA program has created for his organization. "The TEA program has allowed us to do things we've never been able to do before," said Horsfall, such as implementing an intensive advertising campaign in Japan, the largest importer of U.S. horticultural products.

Table Grape Sales Are Up

Before inauguration of the TEA program in 1986, California shipped only 100,000 boxes of table grapes to Japan. In 1987, exports to Japan took off and that figure has climbed to 450,000 boxes.

While the yen's stronger purchasing power has made U.S. grapes more attractive to Japanese consumers, Horsfall said he thinks TEA funds have helped increase exports a great deal.

Horsfall said that this year, the California Table Grape Commission will use its TEA monies to run supermarket taste tests in Japan and to educate store personnel there about the attributes of seedless grapes. Right now, consumers in the Land of the Rising Sun prefer red seeded grapes, like Emperor. And they buy California grapes only in November.

That doesn't mean changing Japanese taste preferences is impossible. Horsfall cites the Hong Kong market, another active shipping area for his growers. Consumers there are switching from black grapes to the red and green seedless types, with some educational assistance from the California Table Grape Commission.

Potato Sales Are Sizzling

Other horticultural commodity groups also give the TEA program rave reviews for the boost it has given them in Far Eastern markets. Sandy Squires, export coordinator for the Colorado-based National Potato Promotion Board, said potato export gains prior to 1986 averaged only 10 to 12 percent yearly. "But exports to Japan have skyrocketed since the inception of the TEA program," says Squires, boosting average yearly export gains to 36 percent.

The joint funding aspect of the TEA program enables the Board to use TEA funds in conjunction with its own funds to increase the U.S. potato's popularity overseas substantially. TEA money helped the Potato Board purchase all the ad space in one issue of *Yamuri*, a popular Japanese national daily newspaper. The promotion attracted a lot of Japanese media attention as well, so U.S. potatoes received even more publicity—free.

Squires says the added monies enabled the Potato Board to purchase television ads in some Far Eastern markets. "Television commercials are a quick, efficient way to reach a large audience in a short amount of time," said Squires.

Additionally, TEA funds go toward advertising potato products in Japan through popular fast-food chains such as McDonald's and Burger King, as well as hamburger franchises Lotteria and Morinaga Love in Taiwan and Korea, and Freetime, a French fast-food outlet in Malaysia and Indonesia. By targeting the 18-to-35 age group (the consumers most receptive to foreign foods), Squires says she thinks the Board's advertising reaches a broad consumer base.

TEA Funds Boost Planned Promotions

Lee Bouldin, international marketing director for the Florida Department of Citrus, is another supporter of the TEA

program. The TEA funding approved in 1986 arrived at an ideal time to maximize the Department's advertising efforts in Japan.

The combination of increased marketing activities and a weakening dollar abroad doubled fresh grapefruit exports overseas during the first two years of the TEA program. Although processed orange juice accounts for the largest volume of the department's sales domestically, various trade restrictions worldwide limit offshore exports almost exclusively to fresh grapefruit. In addition, restrictions worldwide intensify the competition in markets that are relatively open for some commodities.

About 45 percent of Florida's fresh grapefruit production, or 20 million cartons, makes its way overseas each year. Japan alone will import half of that volume this year. Three years ago, offshore exports accounted for less than 30 percent of the year's sales.

Aggressive advertising with TEA money through campaigns like "Life in the Pink," emphasizing Florida's tropical sunny climate, has made the difference, says Bouldin. Florida citrus and other U.S. horticultural products continue to sell extremely well in Japan.

Eels and Avocados—A Successful Pair

Aided by TEA funding, the California Avocado Commission capitalized on a unique Japanese holiday celebration last year to promote the dietary benefits of avocados. On traditional Eel Day, the Japanese customarily eat a nutritious dish, usually, eel, to strengthen themselves.

But, reasoned the Commission, why not eat an avocado instead? Besides being nutritious, the green-skinned fruit contains less cholesterol than does eel. In 23 minutes, the firm handed out 2,000 bagged avocado samples with recipes to receptive consumers at the Shinkansen (bullet train) station in Tokyo.

Another successful 1987 TEA-funded advertising campaign in Japan was "Grown in the USA." This campaign was a joint promotion among several commodity associations, including avocados, wine, cling peaches and meat.

"Thanks to promotions such as these, we were able to double our annual avocado shipments to Japan (from 5 million pounds in 1986 to 10.6 million in 1987)," said Betty Bohrk, international marketing manager for the Commission. "TEA money enabled us to forge ahead with our program efforts rather than just maintain our market in Japan."

In addition to Japan, Bohrk says the Commission views Korea as another possible market to be cracked with TEA money. As of July 1, Korea allowed both avocados and french fries to enter the country.

Korea looks like a promising market for other horticultural products as well. The Northwest Cherry Growers of Yakima, Wash., recently entered this market. Ken Severn, the group's president, says he thinks sweet cherry imports can "grow substantially" there. "Korea is our biggest hope," he adds.

The main market for cherries remains Japan, however. Some 9,000 tons were sold there last year. But TEA monies couldn't have arrived at a better time for opening new markets, says Severn.

"We've needed more markets," Severn says. "We've supplied the domestic market sufficiently. . .without TEA funding, we wouldn't be able to support a program that would have the impact on foreign exports."

Where To Get More Information

Horticultural commodities currently receiving funding through producer promotion boards and private companies include: almonds, apples, avocados, citrus, cling peaches, cherries, kiwifruit, pears, pistachios, potatoes, processed corn, prunes, raisins, table grapes, walnuts and wine. Horticultural products also receive export assistance from four regional state organizations.

Organizations and companies interested in participating in the TEA program should contact the following Foreign Agricultural Service offices:

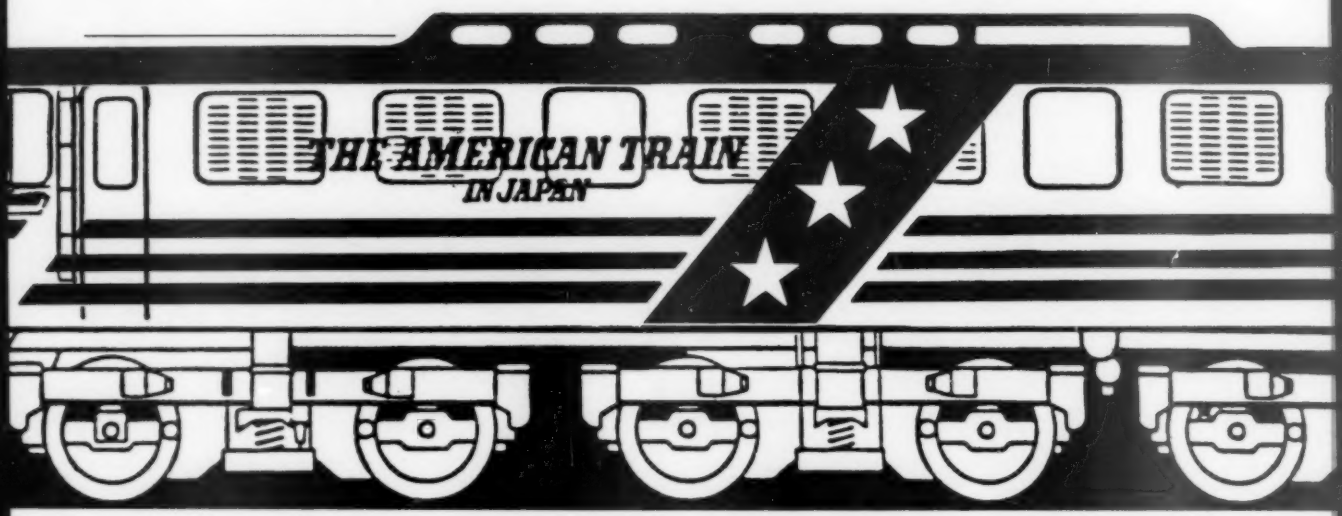
Horticultural and Tropical Products Division
Foreign Agricultural Service
U.S. Department of Agriculture
Room 6603-South Building
Washington, D.C. 20250-1000
Tel. (202) 447-7931

Non-horticultural commodity representatives should contact the following office for referral to the appropriate FAS commodity division:

Marketing Programs Division
Foreign Agricultural Service
U.S. Department of Agriculture
Room 4932-South Building
Washington, D.C. 20250-1000
Tel. (202) 447-5521 ■

The author recently completed an internship in FAS.

U.S. Firms Are on the Right Track In the Pacific Rim



A red, white and blue train is streaking across the Japanese countryside, bringing U.S. products to the attention of Japanese consumers in a unique export promotion effort.

The "American Train in Japan" is an 11-car train that showcases U.S. companies, products, services and investment opportunities as it travels throughout Japan for one year.

High-value food products being promoted on the train include wine, raisins, chocolates, canned berries, walnuts and other agricultural products from 19 states.

The train began its trip across Japan on July 4, 1988. The project, promoted as the "fast-track to the Japanese market," was developed by a group of key Japanese business and civic leaders headed by former Prime Minister Yasuhiro Nakasone.

The highly visible vehicle for promoting U.S. companies, trade associations and state economic development agencies is part of a joint U.S.-Japan marketing and promotional campaign.

Project organizers recognized the opportunity presented by the increasing Japanese consumer demand for U.S. products.

U.S. Products Promoted in Train Stations

The train is traveling throughout the East Japan Rail System—an area covering 50 of Japan's most populous cities. Millions daily pass through the train stations where the train is stopping.

Thirty percent of all Japanese consumer purchases are made in numerous shops in train stations. In each station, participating U.S. companies and organizations set up display booths to form mini-U.S. fairs. Also, valuable marketing data is collected at the same time through a computerized data bank.

Pacific Rim Is a Dynamic Market

One of the U.S. companies participating in the American Train promotion is Oliver Winery of Bloomington, Indiana. Owner Bill Oliver produces a honey wine and a peach cooler.

He recently obtained permission to market his peach cooler wine beverage in Japan with the help of the U.S. agricultural trade officer in Tokyo.

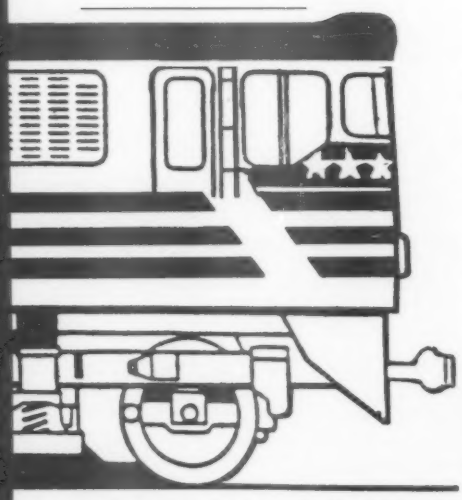
"Japan represents an enormous market for our wines," he said. "In addition to participating in the American Train in Japan, I'm also shipping my first container of peach coolers to Hong Kong soon. That's a direct result of my efforts to develop export markets in Pacific Rim countries. The more diversified you are, the better you are able to withstand economic downturns. That's why I'm involved in building export markets."

Through his participation in the Targeted Export Assistance (TEA) program, Oliver has been able to use TEA funds to mount promotion campaigns for his wines in Japan, Hong Kong and Taiwan.

More Companies Target Japan

The American Train is just one project U.S. firms are using to tap the Japanese market. Some Midwestern companies are finding that the effort to develop markets in Japan and other Pacific Rim countries is bringing excellent results.

For example, Big Stone Incorporated of Chaska, Minnesota, markets private-label canned corn to Japan's grocery stores and commercial food institutions.



Walter Hobbs, vice president of sales and marketing, says his company is shipping seven times more corn to Japan than it did five years ago. "And we're expecting the volume we're shipping today to double within a year or two," said Hobbs.

Hobbs said Big Stone has stepped up its market development efforts in Japan over the past four years. He has traveled to Japan twice to attend trade shows and learn more about the diverse uses for corn there.

"The Japanese really like corn. . .even doing things as unique as using corn as a topping for pizza," he said. "Corn soup is nearly as popular in Japan as chicken noodle soup is in the United States."

"Japan is definitely a growth market," said Hobbs. "With the decline in the dollar, the corn we ship has been a very good value for the Japanese. We feel that even with a strengthening dollar, there is a good market for our corn in Japan."

Wisconsin Ginseng Goes Oriental

Wisconsin, the No. 1 U.S. producer of ginseng, also is finding a market for its product in the Far East. U.S. ginseng is recognized for its high quality by buyers throughout the Orient, and export sales are up.

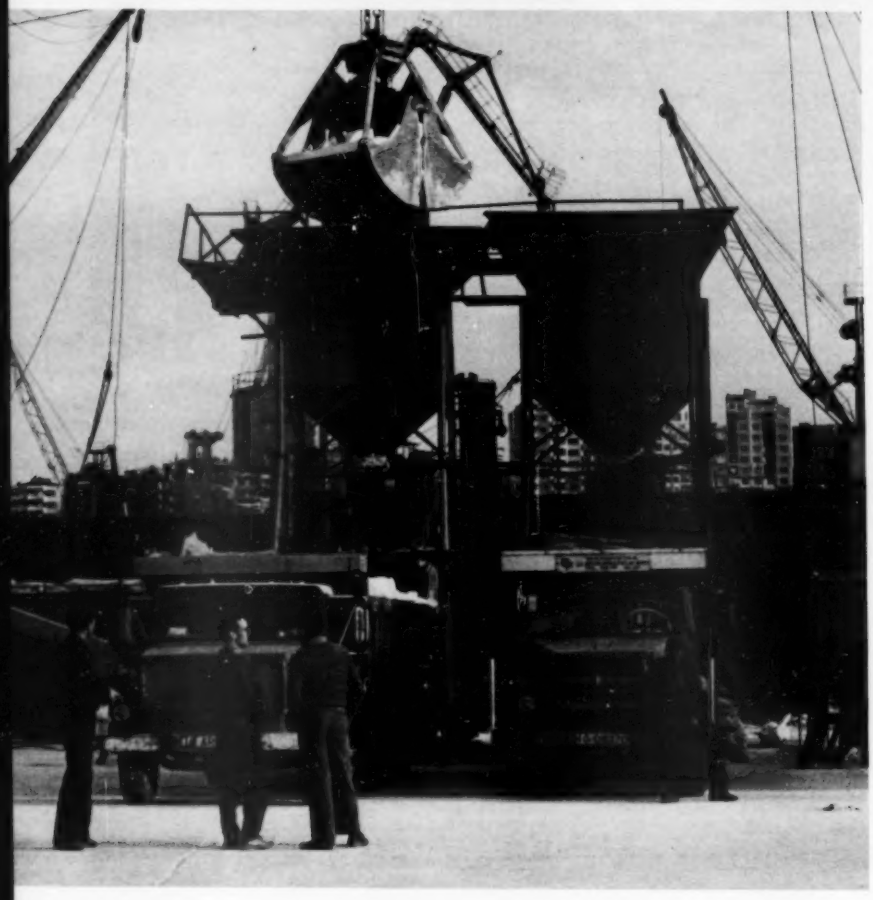
Hsu's Ginseng Enterprises of Wausau, Wisconsin, is a major exporter of ginseng to Hong Kong, where it is distributed throughout the Far East. Owner Paul Hsu plans to use TEA funds to do a series of advertisements to promote U.S. ginseng in the Taiwan market.

General Manager Bernard Fisher says the export market represents 30 percent of the company's total market. Competition in the Korean and Taiwan ginseng markets is fierce, but U.S. ginseng producers believe more ginseng can be exported.

"We're only seeing the tip of the iceberg," says Hsu. "By the turn of the century, our ginseng production should be four times what it is now. Export sales should continue to rise as well."

So whether it is a refreshing peach cooler, tasty canned corn or the flavorful tea made from ginseng, Pacific Rim consumers are eating and drinking more U.S. agricultural products each day. The potential sales and diverse marketplace are what draw U.S. companies to the Pacific Rim. ■

Despite Its Bountiful Agriculture, Turkey Holds Prospects for U.S. Sales



By John Harrison

Since the mid-1980s, Turkey has emerged as a promising market for U.S. agricultural exports, especially livestock products, feed ingredients and vegetable oils.

Turkey adopted a market-oriented approach to trade in the early 1980s. The government eased rigid export controls, which enabled Turkish sellers to devote greater attention to profitable foreign markets.

At the same time, the Turkish government reduced or eliminated tariffs, import bans and other non-tariff trade barriers. Continued import liberalization in Turkey promises greater opportunities for U.S. agricultural exporters.

Growth Spurs Import Demand

On the surface, Turkey does not appear a likely growth market for U.S. agricultural exports. Indeed, the opulence of Turkish agriculture is well known, especially to visitors. Turkish farm markets boast an abundant array of vegetables, fresh figs, citrus, apples, apricots, raisins, nuts and bananas. The country also produces sizable amounts of cotton, tobacco, wheat and barley.

Yet the country's expanding population and rising standard of living has created a demand for high-quality U.S. agricultural products, opening doors for U.S. exporters. Total U.S. farm exports to Turkey jumped from $62 million in 1985 to $122 million the following year. Although sales declined slightly in 1987, first-quarter 1988 results showed a remarkable 54-percent growth.

Turkey's recent interest in developing its livestock and poultry industries has been a boon for U.S. corn and soybean meal exports. Combined sales of these two items leaped from zero in 1986 to $14 million in 1987. First quarter 1988 corn exports amounted to $9 million, almost equal to total 1987 corn exports.

Since April 1986, Turkey has received three Export Enhancement Program (EEP) initiatives for dairy cattle totaling 20,000 head. Already 10,000 head have been sold and Turkey has shown considerable interest in purchasing more.

For years, Turkey showed little or no interest in U.S. vegetable oils because of price. Last January, the country received an EEP offer for vegetable oil totaling 80,000 tons. Soon afterward, Turkey bought soybean oil and sunflowerseed oil amounting to $4.2 million and $9.5 million, respectively. Turkey also purchased 70,000 tons of U.S. rice under the EEP.

Credit Programs Increase Imports

Credit programs have provided an additional boost to U.S. agricultural exports. So far this year, Turkey has received a GSM-103 credit guarantee for breeding cattle ($15 million) and GSM-102 credit guarantees for feed grains ($21 million), logs ($4 million), lumber ($3 million), oilseeds ($11 million), planting seeds ($5 million), rice ($5 million), tallow ($2 million), vegetable oil ($15.5 million) and wheat ($19.5 million).

Although an important cotton producer, Turkey has looked to the United States to help satisfy growing demands of its Turkish textile industry. Last year, Turkish imports of U.S. cotton increased more than threefold, despite a succession of good local crops.

Surcharges Continue To Impede Imports

While agricultural products are no longer subject to import bans and licensing controls of the past, high import surcharges will represent a serious impediment to sales of some U.S. agricultural products. Under Turkey's 1988 import regime, import surcharges for several key farm products were increased.

Products affected by high surcharges include meat, corn oil, milk powder, cheese, almonds, wheat, barley, rice, peanuts and frozen fruit with sugar.

However, in an attempt to slow escalating domestic prices, the Turkish government recently reduced the import surcharge on soybean and sunflowerseed oils from $70 per ton to $10 per ton. This reduction had a favorable impact on U.S. sales of these products, which surged from zero in the first quarter of 1987 to almost $14 million in the comparable 1988 period.

Top U.S. Exports to Turkey Showing Growth
($ million)

	1986	1987	Jan-March 1987	Jan-March 1988
Cotton	7.2	23.6	5.8	6.1
Tallow	10.5	16.8	3.2	4.4
Rice	11.6	13.2	2.4	7.4
Corn	0	9.4	4.3	8.7
Sunflowerseed oil	0	0	0	9.5
Corn oil	3.4	3.7	0	0.8
Breeding cattle	0	5.4	0	0.7
Soybean oil	0	0	0	4.2
Total	32.7	72.1	15.7	41.8

Turkish tariffs on many imported agricultural products remain relatively high. For example, poultry meat, butter, cheese, apples and pears carry an ad valorem tariff of 40 percent. Also, under Turkey's 1988 import regime, the import tax was raised to 6 percent from 4 percent.

Economy Is Ripe for Imports

Turkey's economy has been growing at a rapid rate—over 7 percent in 1987—and indicators suggest the trend will continue. Most growth has occurred in the industrial sector, therefore driving demand and indicating the possibility of higher domestic farm prices which could ease Turkey's restrictions on imported products.

Although its foreign debt keeps growing—from $31 billion in 1986 to an estimated $38 billion last year—Turkey has met debt service payments and maintains a good credit rating. For these reasons, too, the outlook for agricultural imports is encouraging.

U.S. Exporters Should Act Now

Higher levels of agricultural exports to Turkey will not come easily. Because Turkey is a large, efficient agricultural producer, government policies should encourage growth in domestic output and exports. A massive irrigation project now underway in eastern Turkey is expected to raise significantly the output of several key farm products by the mid-1990s, including soybeans and cotton.

Some U.S. Products Face High Surcharges

Commodity	Surcharges ($ per ton)
Almonds	
Shelled	2,000
Unshelled	1,000
Milk powder	800
Cheese	600
Peanuts	
Shelled	400
Unshelled	200
Meat	200-400
Corn oil	300
Frozen fruit with sugar	200
Rice	
Milled	100
Unmilled	40
Wheat and barley	40

Moreover, if its recent request for European Community membership should be successful, Turkey likely would become the Community's largest supplier of farm products. As an EC member, Turkey's agricultural market would be even harder to crack for U.S. exporters.

For these reasons it is necessary now to intensify efforts for greater U.S. agricultural presence in the Turkish economy. ■

The author is with the International Trade Policy Division, FAS. Tel. (202) 382-1289.

Fact File

Agricultural Trade and Development Missions

The Foreign Agricultural Service (FAS) is the lead agency for a new international cooperative effort, the Agricultural Trade and Development Missions Program. The program's purpose is to help friendly countries develop economically while building customers for U.S. agricultural exports. The program also encourages greater participation by both the U.S. private sector and foreign countries in U.S. agricultural trade and development activities.

Missions Will Go to 16 Countries

The Agricultural Trade and Development Missions Program was authorized by the Agricultural Aid and Trade Missions Act (Public Law 100-202, as amended) in December 1987. The law requires missions to 16 countries in various stages of development. Missions to Hong Kong, the Philippines, Singapore, Indonesia and Mexico have been completed. Missions to 11 more countries will be completed in fiscal year 1989. Any friendly country, whether relatively undeveloped or newly industrializing, is eligible for the program and may request a mission visit.

U.S. Private Sector Has Strong Role in Program

The Secretary of Agriculture chairs the trade and development missions program, and the U.S. Department of State and the Agency for International Development (AID) are full partners in directing the work. The program gives high priority to the recommendations and initiatives of private sector groups such as U.S. export market development cooperators, nonprofit agribusiness groups, private voluntary organizations and agricultural cooperatives. Five of the eight members of the first two missions came from the private sector.

Missions Will Identify Mutually Beneficial U.S.-Foreign Interests

The United States and each country visited will agree on mutually beneficial projects and activities. Taking into account each country's special food and economic needs, the missions will cover market access and trade expansion; cooperative trade, development and investment projects; food and economic assistance; and establishment of a follow-up mechanism to assure that goals are achieved. The missions also will provide U.S. technical expertise and information about U.S. agricultural commodities, trade and aid, as well as assist in obtaining firm commitments for food assistance and commodity sales.

Each mission must report its findings and recommendations to the President and Congress 60 days after a mission visit is completed. The findings are reached independently by mission members and do not represent official views or policies of the U.S. government. After the first year of operation, the Secretary of Agriculture and the Administrator of AID are required by law to send quarterly reports to Congress on progress made in implementing initiatives recommended by the missions. These reports must include the volume and value of commodities shipped to the various countries and the specific development programs undertaken. A limited number of copies of mission reports on Hong Kong, the Philippines, Singapore and Indonesia are available from the office below.

For more information, contact Wayne W. Sharp, U.S. Coordinator, Agricultural Trade and Development Missions Program, Foreign Agricultural Service, U.S. Department of Agriculture, Room 3058 South Building, Washington, D.C. 20250-1000. Tel. (202) 382-0368.

Frozen Foods Are Hot in Switzerland

By Hansruedi Bachmann

Frozen foods are hot sellers in Switzerland. In fact, they comprise one of the few Swiss food sectors that enjoyed a healthy increase in 1987, offering producers and importers increased sales.

According to the Swiss Frozen Food Institute, frozen product sales increased by 7.5 percent last year. Per capita consumption of frozen foods reached 20 kilograms.[1] Slightly more than half of frozen food sales went to large users, such as restaurants and institutions.

Frozen Meals High on List

Sales of some frozen products increased dramatically from 1986 to 1987. Complete frozen meals climbed 45 percent, bakery items (two-thirds of which were pizzas) rose just under 20 percent, and frozen vegetables, potato products and pasta were up 10 percent.

And there is plenty of room for growth. For example, per capita consumption of frozen vegetables is estimated at 3.8 kilograms, which is just a fraction of total vegetable consumption of 108 kilograms.

The decline in frozen red meat sales may be attributable to the fact that overall consumption of red meat has failed to increase in Switzerland over the past eight years.

Innovative Products Sell Best

In Switzerland, innovative products such as pasta and complete frozen meals are currently selling the best. While one reason for the popularity of this category may be that the Swiss have high disposable incomes, it is more likely due to the convenience of these items. Convenience is becoming increasingly important in Switzerland's one- and two-person households.

Reduced-calorie meals also are popular. French fries are the No. 1 choice for frozen potato product sales.

One obstacle to increased frozen food sales is that many Swiss consumers feel that ready-to-eat meals are not as nutritious as traditionally prepared foods. Another is the fact that most Swiss homes have small refrigerators and little freezer space.

Determining Market Shares Is Difficult

Determining market shares for foreign suppliers of frozen foods is not easy because Swiss Customs statistics are not broken down into frozen and non-frozen food imports. The government protects domestic agricultural production and therefore, imports are made mainly for items not produced in Switzerland.

A representative of the Swiss Frozen Food Institute estimates that virtually no frozen meat, domestically produced vegetables, potato products, bakery products, pasta products or complete meals are imported. However, virtually all frozen game, rabbit, fish, crustaceans, mollusks and fruit juices are imported. A small percentage of frozen poultry, fruits and berries are imported as well.

While it is difficult for U.S. exporters to break into the Swiss market, there is potential for U.S. sales in certain "niche markets," particularly for products not domestically produced. Fruit juices and Oriental and exotic complete meals are a few examples of U.S. frozen products that could do well. There is also market potential for some frozen fruits and vegetables.

Microwave Story Is Short

While sales of frozen foods are hot, another food category, microwave-ready foods, is just starting to warm up. Swiss consumers are only beginning to use microwave ovens. Foods designed for microwave cooking are viewed by some consumers as being suspect on nutritional grounds. ■

The author is an agricultural specialist in the U.S. Embassy, Bern.

[1] 1 kilogram=2.2046 pounds.

U.S. Exporters Clucking Over Singapore's Poultry Market

By Peter O. Kurz

Singapore's efforts to eliminage pig farms have turned out to be good news for U.S. exporters of chicken parts.

In a drive for a cleaner environment, Singapore has increased the tempo in eliminating all pig farms. Since many Singapore pig farms also have poultry operations, the number of poultry farms also has declined sharply.

As a result, Singapore's poultry production has fallen significantly. To supply the domestic market, as well as Singapore's extensive entrepot trade (three-quarters of all agricultural imports in 1987 were re-exported), imports have hit record highs. The United States is dominating the chicken parts trade.

U.S. Leads in Chilled and Frozen Poultry

Singapore's imports of frozen whole chicken and chicken parts rose 11 percent last year. But the gains were more impressive in the chicken parts category where imports jumped 20 percent in 1987.

U.S. exporters continued to dominate this market sector, accounting for more than half of Singapore's frozen chicken parts imports. U.S. shipments reached nearly 25,000 tons, almost six times the level of imports from Thailand, the nearest rival.

U.S. exporters also had a two-thirds stake in Singapore's market for chilled and frozen ducks. The United States shipped 850 tons, nearly three times greater than imports from nearby China.

U.S. exports of chilled and frozen geese, turkeys and guinea fowls also occupied a commanding position in the Singaporean market. Imports from the United States totaled 549 tons, a 60-percent share which nearly quadrupled those from China, the closest competitor.

Malaysia Is Tops in Other Categories

In contrast to the chicken parts category, Singapore's imports of frozen whole chickens fell 14 percent last year, reflecting the local preference for live poultry imported from neighboring Malaysia.

Singapore purchased record amounts of live poultry imports in 1987, with strong gains across the board in all categories—chicks, fowls, ducklings and ducks.

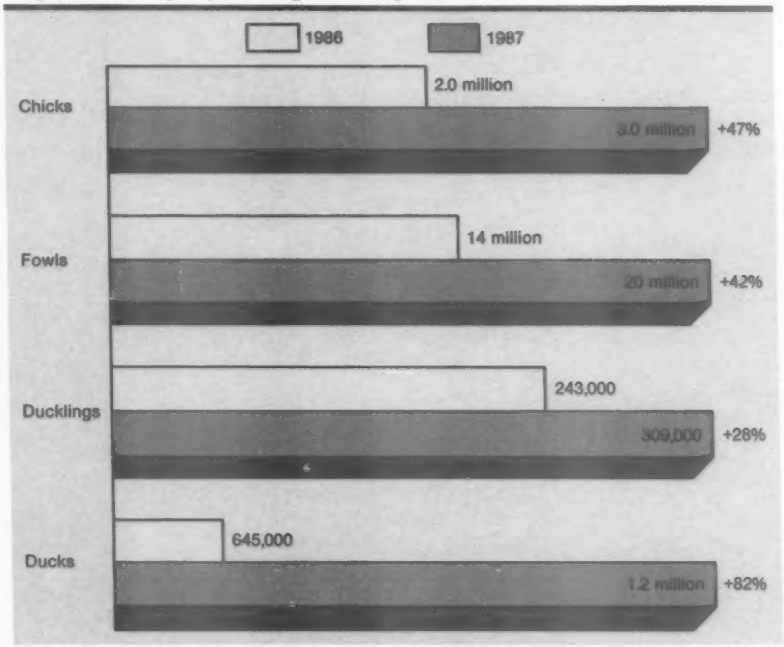
Only in the first category did U.S. exporters make a showing, supplying about one-sixth of total imports of chicks. In this category—as in the other three—Malaysia was the leader by providing 70 percent of the chicks, all of the fowls and ducks and 60 percent of the ducklings.

Outlook Bright for Top U.S. Sellers

The market for U.S. frozen chicken parts appears favorable over the near term, principally because of competitive prices, large sizing and attractive packaging.

Nevertheless, the potential for further gains in market position is somewhat limited because the United States already has a major share of this market. Despite the sharp reduction in local production of freshly slaughtered chicken, there has

Singapore Poultry Imports Register Sharp Gains



been little substitution with imported frozen whole chickens by Singaporean consumers.

Due to the abundance of low-priced subsidized frozen whole birds from countries of the European Community (EC), the U.S. share of this market is negligible. And it is unlikely that the United States can match the prices of the EC and other suppliers.

However, export opportunities for U.S. suppliers may lie in the emerging market for breakfast meats, particularly turkey roll and turkey meat.

Everyone involved in this market, from breeders to retailers, believes that Singapore's poultry consumption—especially chicken meat—will rise although prices appear to be headed upward.

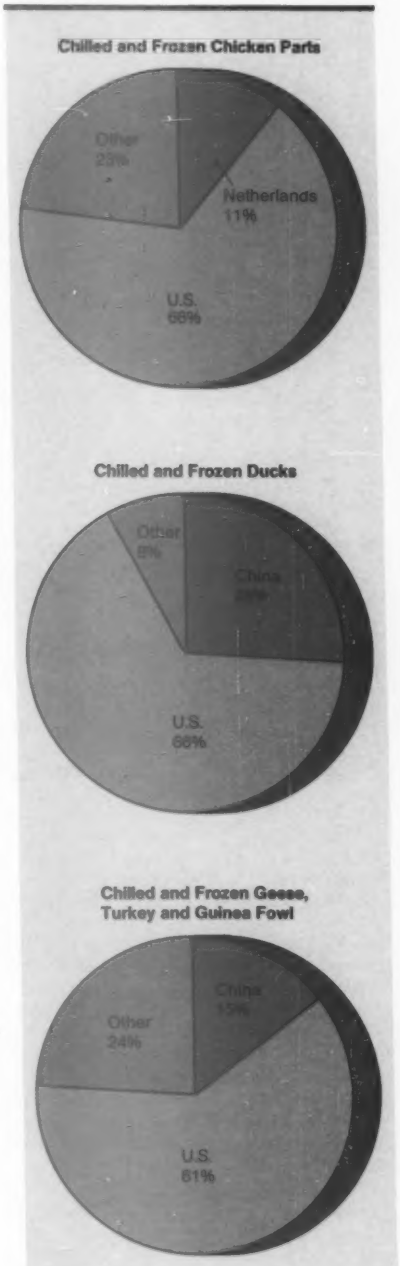
The price hikes and disruptions due to the restructuring of the internal market do not defer optimistic forecasts as more fast-food outlets and the restaurant trade boost the consumption of chicken.

The outlook for egg consumption likewise points toward additional gains over the near term. Again, the main reasons are expansion in fast-food sales, a growing demand for Western-style breads and cakes and greater interest in Western cooking.

Most of Singapore's imported eggs came from Malaysia and other Asian suppliers and Israel in 1987. None came from the United States. ■

The author is the former U.S. agricultural trade officer in Singapore.

U.S. Holds Commanding Lead in Chicken Parts Trade



Putting U.S. Foods on Dutch Menus Is Easy Thanks to New Guide

By Chris Langezaal

Hotel and restaurant menu promotions are a popular and effective marketing tool in the Netherlands, particularly for high-value U.S. food products. To capitalize on this, the U.S. agricultural affairs office in The Hague has put together the "USA Menu Promotion Handbook" to help interested hotels and restaurants put on an American week, month or year with ease.

Sponsoring U.S. food and beverage menu promotions has proven to be an effective way to introduce a variety of U.S. foods and to demonstrate to restaurant chefs, food and beverage managers and consumers that U.S. foods are of high quality.

For years, restaurant managers have been sponsoring menu promotions as a way of attracting customers. However, in the past, the most the agricultural affairs office could do was provide cookbooks and lots of good will. That situation has changed.

Realizing the value and success rate of menu promotions that are professionally planned and managed, the agricultural affairs office in The Hague developed a guide to assist restaurant owners in organizing their U.S. menu promotions.

One of the first requests from restaurants considering a U.S. menu promotion was for recipes. U.S. cookbooks often did not do the job because of language problems, measurements that were not in the metric system and difficulties in translations. In addition, the unavailability of some U.S. ingredients also caused problems.

To overcome these obstacles, the U.S. agricultural affairs office contracted for the translation of selected U.S. recipes into Dutch. These recipes are written with the major U.S. food ingredients available in the Netherlands in mind. Detailed information on the featured U.S. foods was added and combined into the "USA Menu Promotion Handbook."

Now restaurant owners have Dutch language recipes for such items as California Marinated Steak, Cream of Peanut Soup and Hawaiian Rice Salad. The handbook also contains recipes for appetizers, side dishes and desserts.

Guide Is Recipes and More

In addition, the menu handbook provides extensive product-by-product background information on U.S. foods such as meats, nuts, wines, rice, raisins, seafood, fruit and specialty items such as corn-on-the-cob, Texan-Mexican foods and cranberries.

This background information might include a history of the food, where it is produced and product buying information ("A shiny rind that has a red blush indicates that your grapefruit is fresh.").

The "USA Menu Promotion Handbook" also gives restaurant owners and managers tips on organizing a successful menu promotion, such as choosing a theme, planning the menu, food presentation and decorating ideas. The menu promotion guide even includes "typical" U.S. illustrations to dress up menus and table cards.

The agricultural affairs office can provide restaurants with U.S. menu cards and small U.S. flags. In addition, the office has a number of posters and other promotional materials.

Handbook Provides "Where To Buy" Guide

Another chapter of the "USA Menu Promotion Handbook" contains a list of addresses where restaurant owners can buy U.S. products, as well as Dutch importers of various U.S. food products. This list is not just for featured menu items, but all other U.S. food products available in the Netherlands.

The loose-leaf menu promotion handbook can be updated easily with new recipes, product information and more extensive lists of suppliers. For example, recently, a seven-page chapter on U.S. farm-raised catfish was added.

One of the goals of the agricultural affairs office is to increase the number of U.S. items featured in menu promotions. Therefore, a Dutch restaurant owner must promise to feature at least three major U.S. foods and/or beverages on the menu in order to get assistance from the U.S. agricultural affairs office on a menu promotion. Featured items have included U.S. high-quality beef, California wines and U.S. long-grain rice, for example.

Keeping Importers Updated

The agricultural affairs office works closely with Dutch importers of U.S. food and wines on menu projects by briefing them on promotions and supplying each of them with a copy of the "USA Menu Promotion Handbook."

This enables importers to discuss with their hotel and restaurant customers the possibility of having an American Food Festival. The hotels and restaurants often rely on the agricultural affairs office for coordination with importers of other products.

One attractive point about a menu promotion is that it is relatively easy to quantify direct sales after the event. For that reason, the agricultural affairs office asks restaurants to fill out a questionnaire that provides this and other data.

Promoting Promotions

For the past few years, the U.S. agricultural affairs office has promoted the USA Menu Promotion idea at the HORECAVA exhibit that takes place every January in Amsterdam. The agricultural affairs office maintains a stand at this large hotel and restaurant exposition. Major U.S. food and beverage importers in the Netherlands are invited to display and sample products in the stand.

Last year, the agricultural affairs office also advertised the menu promotion project in major Dutch hotel and restaurant magazines.

The office also has had the menu promotion handbook translated from Dutch into English for use by other U.S. agricultural offices around the world.

For more information, contact:

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Lange Voorhout 102
2514 EJ The Hague
Netherlands
Tel. (011 31-70) 624-911 ex. 327
Telex: (844) 31704
FAX: (011 31-70) 657681 ■

The author is an agricultural specialist in the U.S. agricultural affairs office in The Hague.

EC Dairy Policy Alters Cattle Breeding Practices in France

By Agnes Guillaud

The European Community's dairy quota system implemented in 1984 continues to cause a decline in bovine artificial insemination (AI) in France. At the same time, however, embryo transfers have been on the rise. Although the situation is in flux, U.S. exporters have remained France's leading foreign source of bull semen and bovine embryos.

During the 1986/87 marketing year, France imported 81,000 units of bull semen valued at around $3.4 million. More than three-quarters of this came from the United States, with the Holstein-Friesian breed being the most popular and Brown Swiss running a distant second.

Experts See AI's Continuing Ebb

Although Belgium and West Germany showed substantial increases in bull semen exports to France in 1986/87, the levels were merely a recovery from a one-year lapse. During the same period, U.S. exports dropped 8 percent, reflecting the overall trend toward less use of AI.

At a meeting last spring, professionals from all of the French AI cooperatives expressed concern that 1 million AI breedings were lost between 1983 and 1987. AI breedings totaled 6.4 million in 1986. The experts forecast that AI breedings might drop by another 1.3 million to as low as 5 million by 1995.

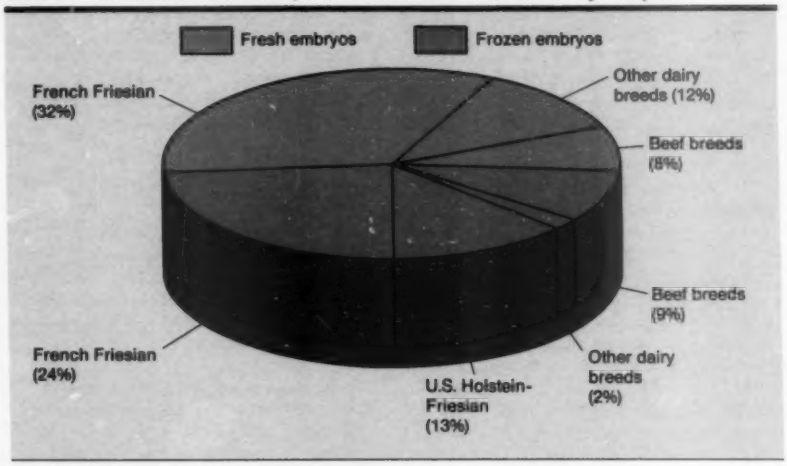
Transplants May Be the New Wave

Concerned about loss of business and the potential effect on the genetic quality of the nation's cattle herd, French breeders are increasing programs in embryo transference. One of these programs involves the development of transplants in order to speed up the screening process to select bulls with the best breeding potential.

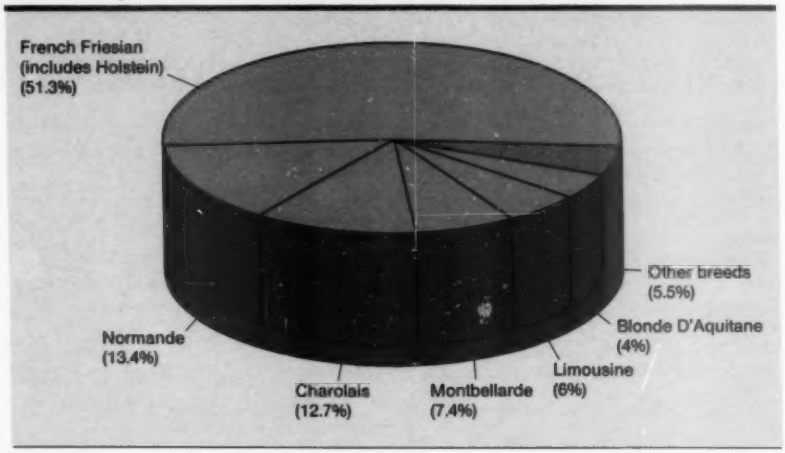
As a result of such programs, there were 9,581 embryo transfers in France in 1986, an 81-percent increase from the previous year. The French-Friesian breed accounted for 61 percent of the action, despite a clear increase in the use of other breeds. Transplants in beef breeds rose from less than 5 percent to more than 16 percent.

Most of these transplants were done with embryos produced in France. The United States, however, provided all of the pure Holstein-Friesian embryos, accounting for 13 percent of the total market and about 36 percent of the frozen embryo market.

With 13 Percent of the Market, U.S. Dominates French Embryo Imports



French Cooperatives Favor Six Breeds in Bovine AI Work in 1986



New Technology Favors Transplants

France's National Institute for Agronomic Research, along with other research organizations, recently developed a technology to sort bovine embryos according to sex. The test, considered non-traumatic and only involving the use of about 10 embryo cells, constitutes a major breakthrough which could reduce the cost of transplants by almost half.

In another breakthrough, a French research team successfully transplanted embryos which had developed in test tubes for six days. The procedure is considered quicker and more reliable than previous techniques.

Advances such as these promise to keep the French dairy industry keenly interested in embryo transference as a method for maintaining the genetic qualities and competitiveness of the French herd. ■

The author is an agricultural specialist in the office of the U.S. agricultural counselor in Paris.

Singapore

U.S. Agricultural Exports Benefit From Concern Over Radiation

U.S. agricultural products could do very well in the Singapore market, where there is concern over the effects of the Soviet nuclear disaster at Chernobyl on European food imports. This is good news for U.S. exports at a time when the dollar is near an all-time low and the currencies of Europe and Australia are rising.

Singapore technicians continue to monitor agricultural imports by taking radiation readings, and have rejected a number of food shipments. Most of the rejected shipments are of vegetables and dairy products, items which are now becoming competitive from a U.S. standpoint with European Community countries and Australia.

Although the incidence of rejections is not high—approximately 2.1 percent of some 50,000 consignments—the need to return shipments is worrying to a small country such as Singapore, which has to rely on imports for almost all of its food and beverage needs. The rate of rejection is not slowing but is continuing at a regular pace, nearly two years after the disaster.—*Peter Kurz, former Agricultural Trade Officer, Singapore.*

Spain

U.S. Confectionery Sunflowerseed Exports Are at a High

Spanish imports of confectionery sunflowerseed in 1987 were 9,965 tons—valued at almost $6 million—94 percent above the previous year and the largest on record since 1978. This impressive increase is attributed to the suspension of import restrictions and a small domestic crop.

U.S. exports of confectionery sunflowerseed to Spain were also the largest on record since 1978, due to highly competitive prices and good quality. The U.S. share of the Spanish market in 1987 was the second largest in the five-year period of 1983-87.

Despite the fact that the effects of drought on the new U.S. crop are already visible in this market, U.S. confectionery sunflowerseed exports to Spain in 1988 are expected to exceed those of 1987. Almost 7,000 tons were shipped during the first five months of 1988. Some sources think that with a projected mediocre local crop and short U.S. supplies, prices for local seed will be high, creating an increase in production next year. If this occurs, resulting farmer protests could pressure the government of Spain to implement existing import restrictions.

The top exporters of confectionery sunflowerseed to Spain in 1987 were the United States (5,660 metric tons), Israel (1,327 tons) and Canada (1,008 tons).—*Ralph W. Dutrow, Agricultural Attache, Madrid.*

Switzerland

Spinners Prefer U.S. Cotton Varieties

U.S. pima cotton has displaced Egyptian long-staple cotton for most end uses in the Swiss market. Swiss spinners have changed their technology to use U.S. pima following stagnating Egyptian production of long-staple. California medium-staple and Texas acala cotton also are reportedly gaining acceptance by Swiss yarn producers. In 1987, Switzerland imported 25,122 tons of U.S. cotton, over one-third of total imports.

However, the Swiss have a longstanding complaint against the U.S. industry's practice of wrapping the bales in poly fabric. Swiss importers feel that high-quality, high-priced U.S. pima cotton should be wrapped in cotton fabric. Because the Swiss yarn industry specializes in high-quality yarn, one long plastic fiber could potentially cause substantial financial loss. The Swiss also are concerned that the quality of U.S. cotton may be at risk from high-speed ginning techniques that can cause breakage and napping to the cotton.—*Robert Simpson, Agricultural Counselor, Bern.*

Thailand

U.S. Captures Large Share of Cotton Market

The U.S. share of the Thai cotton market is on the rise this year. For the first five months of marketing year 1987/88, the United States gained a 26-percent share of the market. Industry analysts believe the United States can improve that share with competitive prices and a continued high-quality product. Exports to Thailand will be supported by significant increases in domestic cotton consumption as Thai textile sales continue to grow in both the export and domestic markets.

The Thai textile industry is the country's most important manufacturing industry when measured in terms of export earnings, employment and contribution to gross domestic product. From export sales of $29 million in 1972, the industry took off, reaching $1.9 billion last year. Export sales are expected to rise another 16 percent to $2.2 billion this year, signaling a slight deceleration in this booming industry. Overall cotton consumption also is growing. Estimated 1988/89 consumption is almost 50 percent more than the level in 1985/86.

Meanwhile, domestic textile consumption is growing nearly as fast—771 million garment pieces in 1987, up 7 percent from the previous year. Consumption is expected to rise another 6 to 7 percent this year. Domestic consumption usually accounts for 70 percent of total textile production.—*Thomas J. Buhler, Assistant Agricultural Attache, Bangkok.*

Venezuela

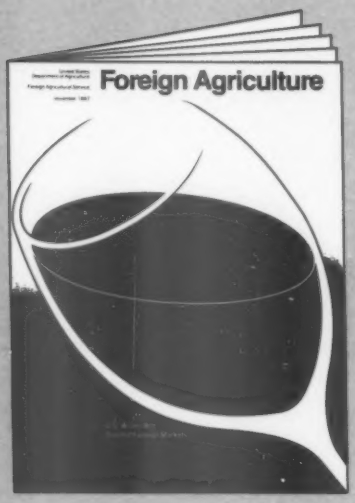
Government Lifts Ban On Exports of Poultry

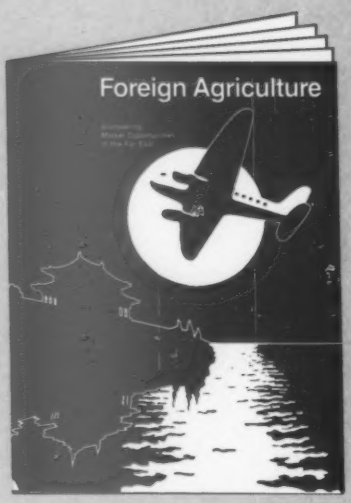
The government of Venezuela has lifted its ban on exports of eggs and chicken meat, which had been in effect since 1986. The government will now permit exports of these items to the United States, Colombia and the Caribbean. This change in policy is an effort to reduce excess supplies of eggs and ease the strain at all levels of the poultry production and distribution system in Venezuela. It comes as a result of intense lobbying from producers groups and threats of farm closures.

Venezuela's new poultry export quotas are 300 tons of chicken meat to the Caribbean, 16 million shell eggs to the United States and 10.8 million shell eggs to Colombia.

The Venezuelan Poultry Federation reported that the opening of the export market will have two effects on the production and marketing of fresh eggs. First, it is expected to increase egg producer prices and to restore margins which were previously erased by the oversupply situation. Second, the move will tend to increase the quality of fresh eggs available to consumers because the movement of eggs through the market will depend less on the availability of storage and refrigeration facilities. The government is expected to exert tight controls on quotas and contraband in its efforts to guarantee local supplies.

The Federation also intends to reduce production below current levels until the internal and, now, the export markets stabilize the egg and poultry situation in Venezuela. Producers have not yet shipped product outside of Venezuela, but are contacting prospective importers in the United States, Colombia and the Caribbean Islands.—*Lloyd J. Fleck, Agricultural Counselor, Caracas.*





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